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Report Highlights: The farmers cooperative in the South has purchased German meat processor Moxsel to form the second largest meat company in the EU, after Danish Crown. In 2002, the Dutch meat sector recovered from the FMD crisis but is still struggling with export restrictions, and the ongoing regulations regarding animal welfare and environment.

Includes PSD changes: No
Includes Trade Matrix: No
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Cattle, Beef and Veal: The Dutch sector recovered from the FMD crisis.

During 2002, the Dutch cattle stock declined by 5 percent. In 2001, the cattle stock had increased due to low prices and low demand as a result of a FMD outbreaks. During 2002, demand and prices have rebounded as FMD fears subside, leading to increased production of calves coupled with increased slaughter and higher exports of live cattle. During 2002, Dutch cattle exports to third countries recovered as five Eastern European Countries (EEC) re-opened their borders for cattle from the EU. In particular, trade with Poland intensified in 2002.

As a result of higher slaughter numbers, Dutch beef and veal production increased. In the EU, beef consumption is clearly recovering from the BSE crisis. However, beef imports from South America continue to pressure prices. During January - August 2002, Dutch beef imports from third countries increased by more than 60 percent to about 30,000 MT. This volume is about 25 percent of the total beef import and about 15 percent of the beef consumption in The Netherlands. In 2001, South America reportedly exported about 275,000 MT of beef to the EU, with Germany and the UK as the main importers. These beef imports consist mainly of fresh/frozen beef from Brazil and Argentina and are part of a GATT quota, a quota for Hilton beef, and a quota for frozen beef. Due to the higher total supply of beef, exports were expected to rise, in particular to Russia. However EU beef exports to Russia look likely to be bound by quotas.

Swine and Pork: Dutch pig sector consolidates in response to overcome crisis.

In August 2002, the Dutch pig stock was estimated at 11.4 million, nearly 10 percent lower than the year before. The reduction is caused by increased production costs due to environmental and animal welfare restrictions as well as the second agricultural land purchase program of the Dutch government. The Dutch government's goal is reportedly to reduce the Dutch pig stock to about 10 million animals.

The Dutch pig sector is also affected by low prices caused by the recovery of EU beef consumption, limits on imports due to the safeguard measures in Japan, and strong export competition from the US, Canada and Brasil, in particular on the Russian market.

In addition, due to the FMD outbreak in 2001, Dutch pork lost market share in third countries, mainly to U.S. and Danish pork. The Russian market was re-opened in July 2001, and Hong Kong and South Korea followed soon after. The export of Dutch pork to Japan has been possible since October 2002, but export volumes are limited due the enforcement of safeguard measures. In 2002, exports recovered mainly to EEC destination Russia, Romania, Poland and Hungary.

Sector profitability and pig production could rebound if export opportunities improve. Opportunities reportedly still exists in EU and EEC markets and improvement of efficiency and competitiveness through integration and consolidation of the slaughtering and processing sectors could make the Dutch industry more competitive. In December 2002, the Dutch Southern Farmers Organization (ZLTO) bought the German meat company Moxsel, and revealed plans to take over the Dutch meat company Dumeco, forming a new organization called Bestmeat Company. With a turn over of more than EURO 4 billion, Bestmeat Company will be the second largest meat company in the EU after Danish Crown (EURO 5.5 billion).